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SUMMARY OF EVALUATION FINDINGS FROM RECOGNISED SEASONAL EMPLOYER (RSE) POLICY FIRST SEASON (2007-08)



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Purpose

The evaluation of the Recognised Seasonal Employer (RSE) policy is planned to cover the first two years of implementation. This summary describes and assesses the first season (2007/2008) of the Recognised Seasonal Employer (RSE) policy¹. It examines how the policy was implemented, identifies short term outcomes and assesses how potential risks were managed.

Background

The summary is a synthesis of seven sub-projects undertaken by independent researchers². The projects included qualitative interviews with participants from the five Pacific Kick Start states³ and New Zealand, including employers, workers, government officials, industry and community participants; an online (primarily quantitative) survey of employers; an overview of RSE policy documents and industry papers; and administrative (quantitative) data provided by the Department of Labour.

The fieldwork was conducted between July and November 2008. In total, the experiences of 65 percent of RSE employers (accounting for a majority of the Pacific workers) were canvassed, while 159 (5 percent) of workers participated in a talanoa⁴ session.

¹ The first season covered the period 1 April 2007 – 31 March 2008. Evaluation fieldwork took place in mid 2008.

² Evalve Research conducted all but one of the sub-projects which was undertaken by Research New Zealand. Dr Nicolas Lewis from the University of Auckland assisted Evalve Research with three sub-projects.

³ Facilitative arrangements were kick started in five Pacific states – Vanuatu, Tonga, Samoa, Kiribati and Tuvalu – by the Department of Labour through the development of pre-departure training and setting up of work-ready pools.

⁴ A term used by Samoan, Tongan, Fijian and other Pacific peoples to describe a form of dialogue that brings people together to share views without any predetermined expectations.

Description of RSE policy

The RSE policy allows for the temporary entry of workers to work in the horticulture and viticulture industries. The main aspects of the policy are:

- *Agency to agency relationship*: This aspect of the policy is restricted to the five Pacific states – Vanuatu, Tonga, Samoa, Kiribati and Samoa. An Inter Agency Understanding (IAU) between these five Pacific government agencies and the New Zealand Department of Labour sets out the respective obligations of the parties and arrangements for RSE.
- *Employer recognition*: Employers who wish to participate in the RSE policy must first gain recognition by complying with good employer and other requirements. Once they have achieved RSE status, the employer applies for an agreement to recruit (ATR) a specified number of RSE workers (for a specific timeframe, location and work tasks).
- *New Zealanders first principle*: ATRs are approved only upon confirmation that no New Zealand workers are available.
- *Employer driven*: The selection of workers and re-employment of return workers is determined by employers based on their requirements. The relationship between the employer and worker is an employment one.
- *Short term migration*: Worker applicants who have an offer of employment from a RSE employer and who meet the RSE worker criteria are granted a seven month Limited Purpose Entry visa in any 11 month period⁵.
- *Circular migration*: The policy provides for the return of trained workers (who have an offer of employment) in future seasons.
- *Pastoral care*: The RSE employer is responsible for the pastoral care of workers.

Findings from RSE first season 2007-08

Bringing Pacific workers to New Zealand

Selection

In the first full season of RSE 126 employers saw 2883 overseas workers arrive of whom 83 percent came from the five Pacific kick start states. The bulk of these workers came from Tonga, Samoa and Vanuatu (2247). During the first season, some of the recruitment difficulties experienced were due to the different aims of employers and Pacific states. Employers wanted to build a team of trained and experienced workers who returned each year and form a stable work force. Many preferred to recruit workers who have an established work history and are therefore more 'work ready'. Pacific states wanted to give as many of their citizens as possible an opportunity to come to New Zealand. Most Pacific states

⁵ Except for nationals of Kiribati and Tuvalu where the duration is nine months in an 11 month period.

give priority to poorer citizens and those living in rural communities, many of whom have had no formal work experience.

From an employer's perspective, worker selection was most successful when they developed a connection with a particular community. This connection increased trust and confidence among workers and between workers and employers.

Pacific Governments have reviewed their selection procedures in light of what has been learnt from the first season. Greater emphasis is now being placed on locally and culturally appropriate selection than on ensuring that every individual has an equal opportunity to apply. Selection criteria have been revised to make sure they reflect the needs of employers for cohesive work groups and the demands of the policy.

Pre-departure briefing

There was widespread agreement among employers, Pacific States and New Zealand government officials that the pre-departure training was not as successful as intended⁶. Officials in each state received some information and training from the New Zealand Department of Labour but very few were equipped to talk about life in New Zealand because they had no contextual understanding of the horticulture and viticulture work. The following quotes illustrate the type of issues encountered:

We did not understand some of the issues especially relating to house rent, our payments including tax and so on. We were told that house rent would be around \$60 [a week] but we pay around \$100. We would have appreciated if we were told the truth about this. – Vanuatu worker.

Further the short lead-in time employers had to recruit workers after getting ATR approval impacted on the ability of the Pacific states or agents to prepare workers thoroughly.

Pacific state officials were concerned they did not have enough time, or the authority, to go through contracts with workers to explain and/or query rates and deductions.

I had to explain about taxes. There's no income tax in (name of State). I had to tell them how it pays for roads and schools and hospitals and that everybody pays tax. The first employer had been in (name of State) all of three days to do the selection and the briefing. He told me he'd already explained all that, but of course, none of it sunk in. Three days is far too short. There's too much going on at that point. – Pacific government official

It is expected that pre-departure briefings will improve and worker expectations be better managed in Year two as workers returning home brief others about RSE and life in New Zealand.

⁶ The pre-departure briefing covers climate, clothing, taxation, insurance, health and wellbeing, financial matters such as budgeting and setting up bank accounts, and travel arrangements. Workers are also warned of the consequences of overstaying and are encouraged to have a good work ethic and uphold the country's reputation as a reliable source of seasonal workers.

Working and earning

Worker performance

For most employers the first season of the RSE policy has been successful. Employers were aware that the first season was a new learning experience for their workers and they would return more skilled (and therefore more productive) next season. The majority of employers who recruited from the Kick Start States (who responded to the survey)⁷ rated their Pacific workers highly for their dependability (8.82 on a scale of zero to ten where zero is *very poor* and ten is *excellent*), enthusiasm for the work (8.36) and productivity (7.27). Pacific workers were also more likely to be rated by the Kick Start State employers higher in relation to their dependability than workers from non-RSE/TRSE countries who participate through the TRSE, VoC and WHS⁸, and New Zealand workers. Likewise most workers said they were happy with their work experiences and would return for the 2008/09 season if they were offered work.

Earnings and savings

While many workers were satisfied with the amount they earned and saved, others, particularly those from Kiribati and Tuvalu, were disappointed at earning and saving less than they expected. A Department of Labour audit of wages and earnings (of mostly Tongan, Samoan and Vanuatu workers) showed that the average net return per worker (after deductions for airfares, food, accommodation, transport and health insurance) over the period September 2007 to July 2008 ranged from \$2,871 to \$11,869. As the following example shows, workers have achieved their goals:

I was one [of those] that came last year (during the pilot). I came purposely for making money for my children's school fees and I found that I met that expectation for my family. And now I'm back in New Zealand with the same purpose and I'm happy. – Vanuatu worker

Factors that affected workers ability to earn and save included the cost of accommodation, tax, pay deductions⁹ and work downtime. Pay deductions impacted negatively on some worker-employer relationships, leading to distrust and disillusionment on the part of some workers.

⁷ The low base number of respondents means that results are indicative only.

⁸ The TRSE or Transitional RSE policy allows employers to transition to RSE status by recruiting onshore seasonal workers until 2009. This is done through Variation of visa Conditions (VoC) for visitors and Working Holidaymaker Extension (WHE) policy which is an extension of 3 months for those currently on a Working Holiday Scheme (WHS).

⁹ Deductions included amounts for health insurance, repayment of workers' visas, health checks and 50% share for airfares, and repayment of other items (such as the cost of buying jackets and warm gumboots), food and power/wood. Since workers did not have any income for living expenses during their first two weeks of work, these costs were also added to their deductions.

Living in New Zealand

The term 'pastoral care' is used to describe RSE employers' responsibilities for looking after workers' wellbeing while they are in New Zealand. Pastoral care includes helping workers access 'suitable'¹⁰ accommodation and linking them to community groups and services such as health care, shops and banks.

Pastoral care is a new requirement for employers and experience with managing pastoral care varied. Employers who have previously employed overseas workers under schemes such as Approval in Principle (AIP) took pastoral care in their stride. In contrast, three large employers (with between 338 – 687 RSE workers) described their pastoral care responsibilities as "onerous" because they are responsible for workers during out-of-hours and lack ability to enforce rules about behaviour during non work time. Questioning the parameters of employers' pastoral care responsibilities, one employer asked:

Pastoral care involves a grey area – where do human rights and pastoral care interact? Where does our responsibility start and stop?...Impossible to answer. – Large pipfruit grower, Hawkes Bay

Employers who used a pastoral care worker from the same Pacific nation as their workers described this arrangement as very successful. The pastoral care worker also acts as an effective conduit between employers/supervisors and workers in the workplace through activities such as translation, communication and problem solving. Some employers regard the quality of their pastoral care as a significant factor in workers wanting to return to them next season.

Overall the online survey findings indicated a third of employers with Pacific workers had no issues or difficulties in providing or arranging for their workers' pastoral care needs. Finding accommodation that is suitable for workers to live in for periods of up to nine months and is reasonably priced has been one of the most challenging aspects of pastoral care for some employers.

The qualitative research showed that some workers had issues related to variation in quality and cost and overcrowding. The issues around accommodation included employers' uncertainty about the number of workers they would be allocated over a season as well as uncertainty about the future of RSE which made them reluctant to invest in permanent worker accommodation. Indicative survey results also suggest that Kick Start State RSEs are more likely to have experienced issues in relation to their Pacific RSE workers and alcohol infringements compared to other employers. This may be partly a function of the fact that Kick Start State RSEs are more aware of alcohol infringements due to their pastoral care responsibilities.

Doing business better

Despite the inevitable 'teething' problems associated with any new initiative, most RSE employers are satisfied that the cost and time involved in participating in the

¹⁰ Employers are advised to refer to their local territorial authority requirements for temporary accommodation and other housing

RSE policy during the 2007/08 season has been balanced by immediate benefits they had gained. The most commonly reported benefit is a reliable workforce. One industry leader reported:

For the first time the fruit was picked on time and at the right time across all the industries, and the grapes were pruned on time and at the right time. That is an unbelievable achievement. – Industry leader

Cost-benefit comparison

At the end of the RSE season, most RSE employers believed the benefits of participating in the RSE policy outweighed the costs. For some the costs matched, or outweighed the benefits. Other employers said it is too early to comment on a cost–benefit comparison.

Other workplace benefits

Other benefits that RSE employers appreciated included productivity increases, improvements to produce quality, positive impacts on their New Zealand workers and an enhanced workplace environment.

Business investment and practices

Access to a reliable workforce appears to have encouraged some employers to make changes to business investment and practices. The results of the online survey show employers who recruited from the Kick Start States and TRSE employers were significantly more likely than non Kick Start RSEs¹¹ and non RSE/TRSE employers to have invested in plant and equipment, make changes to recruitment practices, supervision and induction of seasonal workers and expand their business¹².

Despite immediate positive benefits such as a reliable workforce, employers' participation in the RSE policy is based on a long-term business perspective. Employers view the 2007/08 season as one of investment - workers were trained and becoming competent in the required skills. Employers expect the substantive benefits of RSE to emerge over time as the most productive workers return in future seasons.

RSE achievements and issues

Overall, the first year of the RSE policy was successful. Most importantly, employers had a reliable workforce which meant that the labour supply crises of previous years were avoided – employers accessed workers when they needed them, for the time they needed them. Employers were able to plan and reported

¹¹ Non Kick Start State employers are those who have workers from countries other than the five Kick Start States.

¹² Since the respondents were not asked to put their answers in the context of whether the changes in the business investment and practices were as a result of their participation in the RSE scheme, a causal link cannot necessarily be drawn.

being less stressed because they were confident their workers would turn up every day.

Most workers returned home with savings which will benefit their families and communities. Workers also reported other benefits such as work-related skills and English language skills. A key indicator of the success of the RSE policy is the number of skilled workers who return for a subsequent season. Administrative data from the Department of Labour shows about 55 percent of RSE workers from the Pacific who worked during the 2007/08 season returned for the 2008/09 season and most returned to one of their previous employers. Over half of the RSE employers surveyed expressed a desire for most of their workers to return for the following season. This return rate will be investigated further in the second phase of the evaluation.

The success of the first season of RSE is notable given the speed with which the policy was rolled out by industry, Pacific governments and New Zealand government agencies. This success can be attributed to the level of commitment shown by all parties involved in RSE. It is also due to the relationship-based approach that has underpinned the development and implementation of RSE.

Immigration risks were successfully managed with less than one percent of overstayers among the RSE workers who were in New Zealand between April 2007 and January 2009. Displacement of New Zealand workers were reported by just one employer due to overestimating the number of overseas workers required.

There are some implementation issues that still need to be worked through. They include recruitment lead-in time, accommodation and dispute resolution for workers. Some of these issues have had a negative impact on worker and employer experiences.

While the RSE policy is described as a "win/win/win" arrangement for the horticulture and viticulture industries, Pacific workers and Pacific states, the findings indicate that during the first year of the policy, the industry "win" has dominated. While Pacific states have benefited from remittance incomes, the enthusiasm of their communities and a number of satisfied workers, they have also had to manage the problems of unfilled expectations among workers and communities, and pressures from oversubscribed work ready pools.

While it is recognised that the employer is the primary driver of RSE, the workers' goals and interests must also be considered if the employer is to gain ongoing access to trained workers. This 'balancing' will require ongoing oversight and management by New Zealand government officials and industry leaders in the immediate to longer term. It also requires key participants to come to a shared set of understandings of the different positions and be willing to compromise.

Departmental comment on evaluation findings

Since 31 March 2008, there has been another year of RSE so everyone involved has gained more experience with the scheme and its operation.

There have also been some specific changes in RSE policy and practice around areas such as the pre-employment preparation of workers, the employment of

'return' workers, investment by employers in worker accommodation, the analysis of worker earnings, and RSE support systems in the Pacific.

In particular:

- new pre-departure resources have been developed and rolled out in all 'kick start' states, and additional training has been provided to people delivering pre-departure training to workers in these states;
- large numbers of returning workers are now available as an important source of on-going advice, support, and information for first-time workers. This has helped to manage expectations and to reduce the scope for misunderstandings and disputes to arise;
- there has been investment by employers in improved and purpose-built accommodation facilities for RSE workers;
- a unique tax code for RSE workers introduced from 1 April 2009 will open up new opportunities for analysis of RSE worker earnings; and
- DoL has been allocated \$500,000 over two years (2009/10 and 2010/11) from the General Assistance Funding (GAF) to help Pacific countries to develop and operate good RSE support systems for workers and employers in their countries.

Next steps

Evaluation of the RSE second season (2008/09) is planned to take place during May-July 2009. This will include a collection of success case studies that can inform good practice for various aspects of the policy. A comprehensive final synthesis report of findings from evaluation of both seasons will be available in October 2009. The final report will also include available findings from the Waikato University-World Bank research into implementation and development outcomes where relevant to the scope of this evaluation.

